

SFA Transformation

Annual Performance Plan Update

Project Approach

March 7, 2000

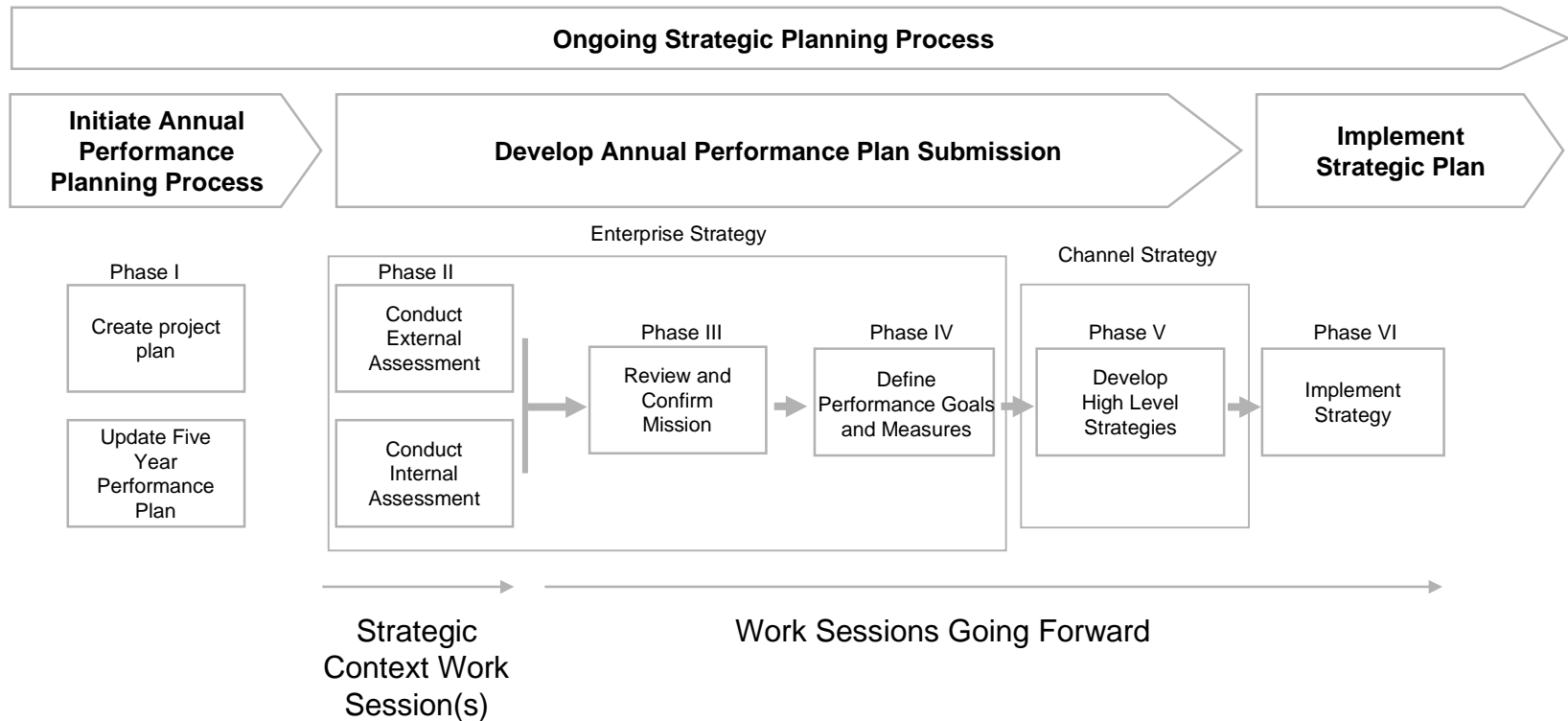


Project Objectives

- The Five Year Performance Plan provides long-term direction for SFA and outlines general goals and strategies. An objective of this project is to develop a strategic plan that details the balanced scorecard goals, as well as the components of an effective management tool:
 - performance targets and associated measures
 - dimensions of performance
 - high level strategies
 - key performance indicators
 - operational initiatives
- The Annual Performance Plan provides detailed performance goals and measures for the Strategic plan. SFA must have an FY01 plan that ties to the budget submission. Also, this is the ideal time to proactively create an FY02 Annual Plan to inform the budget process.
- In order to create a plan that will be embraced and implemented, it is necessary to involve the Management Council and other key stakeholders in completing the plans.

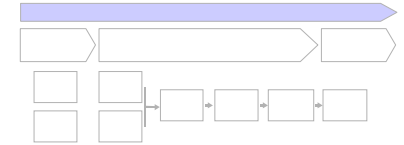
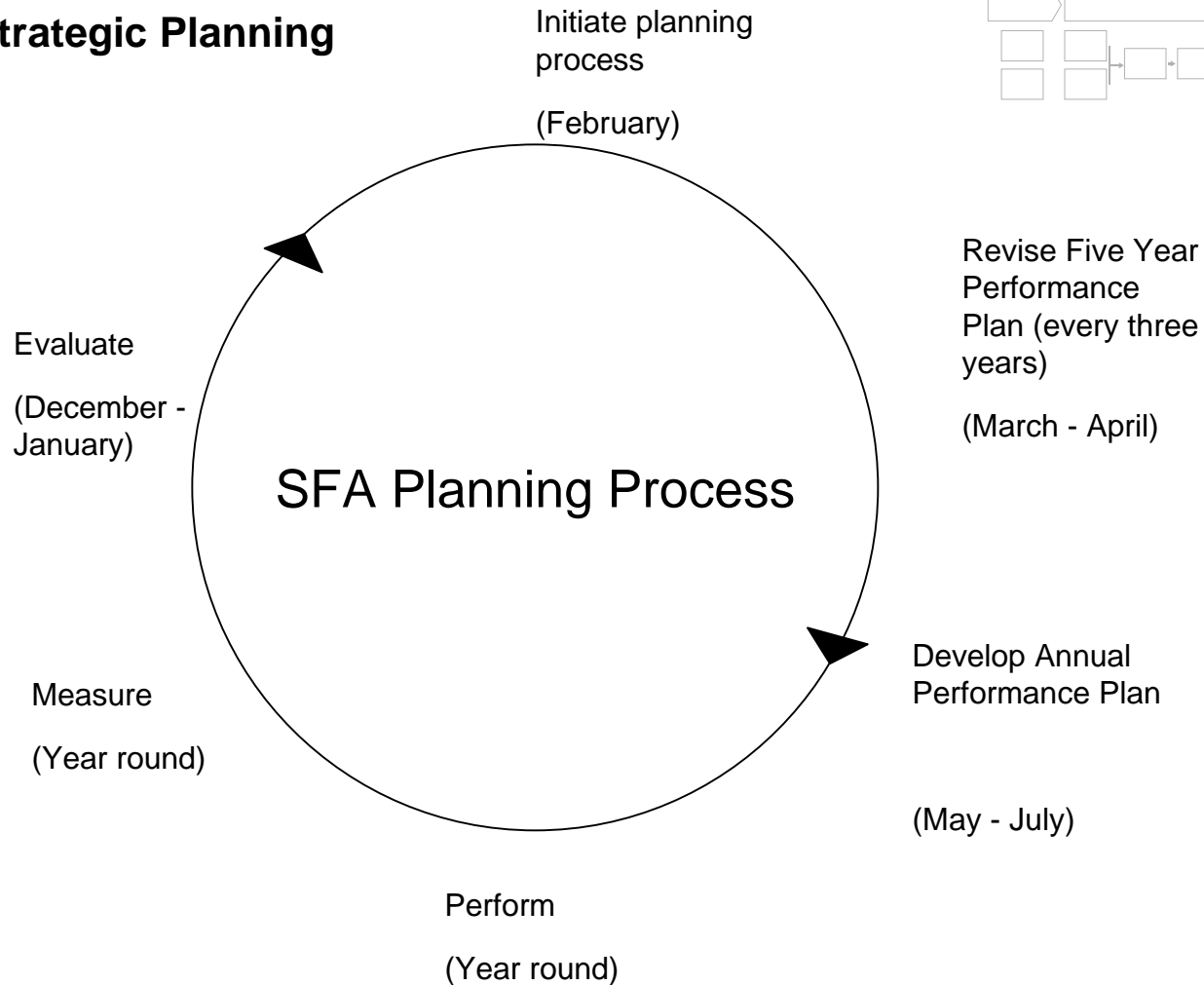


Proposed SFA Strategic Planning Process



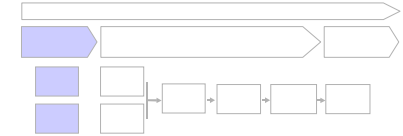


Ongoing Strategic Planning Process





Initiate Annual Performance Planning Process



Create Project Plan

- Determine approach, timeline and key milestones
- Prepare participants for planning process
- Schedule interviews

Review and Update Existing Five Year Performance Plan

- Develop straw model
- Interview key leaders for feedback and direction
- Disseminate plan for review
- Maintain plan

Outcomes

- Approach
- Workplan
- Interview Guides
- Interview schedule
- General Measurement Framework
- Informed and engaged participants
- Revised Five Year Performance Plan
- Communications plan for SFA managers and staff



Develop Annual Performance Plan Submission (Enterprise Strategy)

Conduct External Assessment

- Determine Customers' Needs and Wants
- Gather External Benchmarks
- Review Competitors' Products and Services
- Examine Best Practices

Conduct Internal Assessment

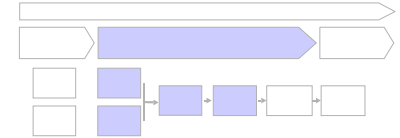
- Inventory Internal Capabilities
- Evaluate Management Aspirations

Review and Confirm Mission

- Evaluate Mission Appropriateness
- Publish Revised Mission Statement

Define Performance Goals and Measures

- Determine Enterprise Strategic Performance Goals
- Determine Enterprise High Level Measures and Targets
- Create Enterprise Level Balanced Scorecard



Outcomes

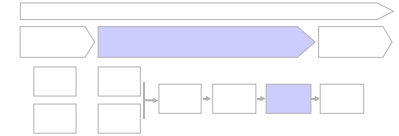
- Understanding of External Environment
- Understanding of Internal Environment
- Confirmed Mission
- High Level Performance Goals and Measures
- Enterprise Level Balanced Scorecard



Develop Annual Performance Plan Submission (Channel Strategy)

Develop High Level Strategies

- Develop High Level Strategies for achieving Performance Targets
- Determine Performance Dimensions
- Develop Initiatives targeted at High Level Strategies
- Create Channel Level Balanced Scorecards



Outcomes

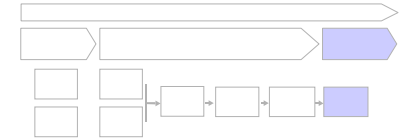
- Channel Strategies
- Initiatives by Channel
- FY01 Performance Plan
- FY02 Performance Plan
- Channel Level Balanced Scorecards



Implement Strategic Plan

Implement Strategies

- Map projects to initiatives
- Conduct Projects
- Implement Balanced Scorecards to Measure Performance



Outcomes

- Monthly Performance Reports
- Quarterly Performance Reports



Performance Planning Timetable

Federal Budget Timeline

CY00 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan → CY01

FY01 House and Senate appropriations hearings

House and Senate appropriations mark-up and floor action

FY 01 appropriations bills enacted ▲

FY02 Submit budget and legislative priorities to Under Secretary

Submit final FY 02 budget recommendations to Secretary

ED submits budget request to OMB

OMB Passback

Submission of FY 02 budget to Congress

Proposed SFA Strategic Planning Timeline

CY00 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan → CY01

FY99 Annual Performance Report due ▲

FY01 Annual Performance Plan due ▲ Initiate planning process Revise Five Year (01-06) Performance Plan ▲ Develop Annual Performance Plan ▲

Perform (ongoing)

Measure performance (ongoing)

FY02 Initiate planning process

Develop Annual Performance Plan

Draft Annual Performance Plan due ▲

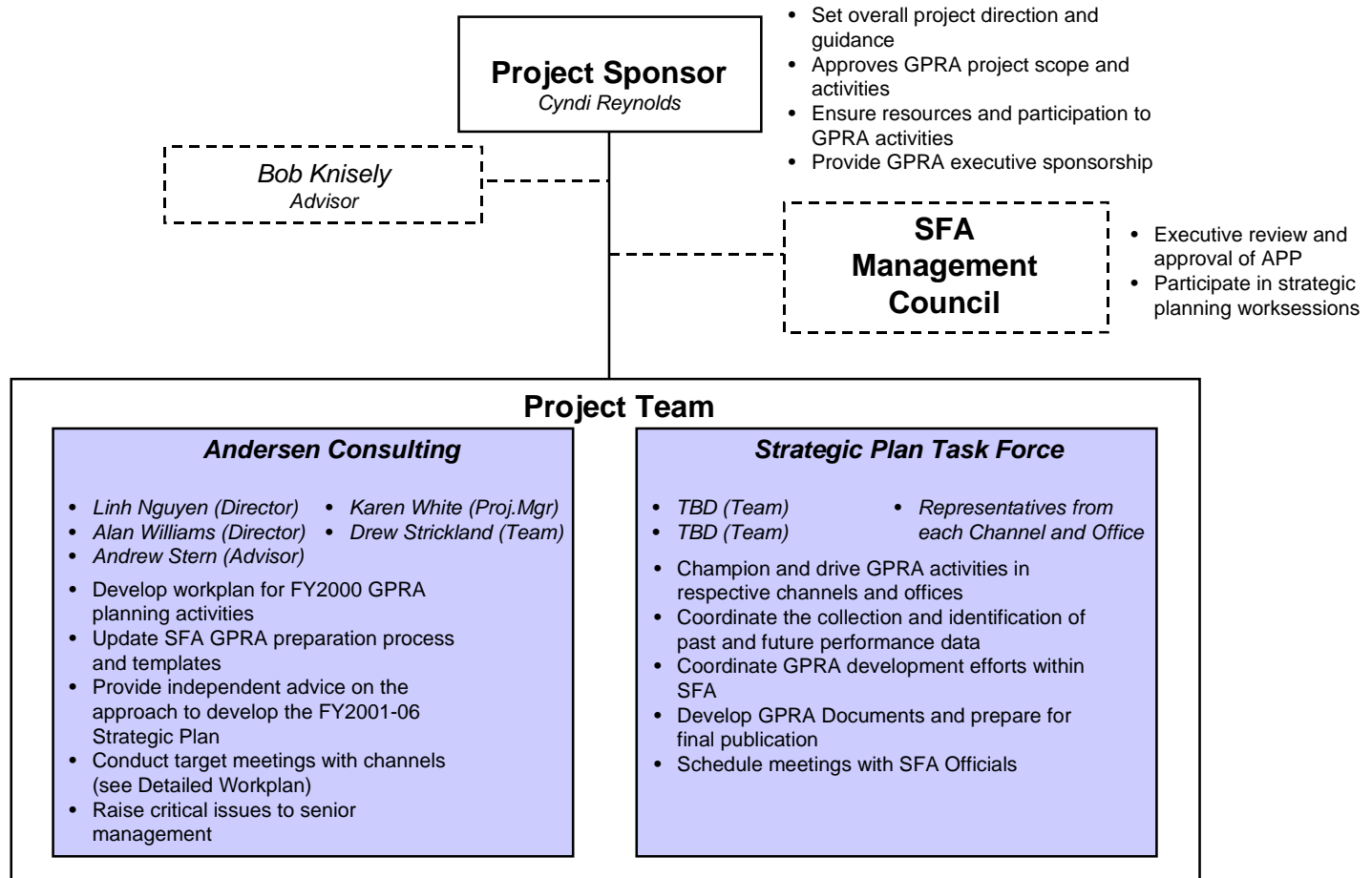
△ = Proposed Milestone

▲ = Legislated Milestone



The success of the project rests upon active participation and leadership from key SFA personnel.

-- Project Roles and Structure --





Next Steps...

- Approve approach
- Identify Analysis team member(s) dedicated to this project
- Create detailed workplan



Appendix A:

Example Performance Plan Structure



Annual Performance Plan Submission

- Mission
- Strategic Performance Goals
- High Level Measures and Targets
- Dimensions



Example:

- Help put America Through School
- Customer Satisfaction...
- Increase student satisfaction to X
- Timeliness...

Enterprise

- High Level Strategies (business unit)
- Key Performance Indicators
- Map initiatives to High level strategies



- Use the convenience of the Internet to conduct business
- Process loan consolidations in x days
- Create a Loan Consolidation website

Channel

Deliverables:

- FY01 Performance Plan Appendix
- FY02 Performance Plan Appendix
- Interview Guides
- Measurement Framework
- Communications to SFA managers and staff



Appendix B:

Sample Performance Plan Format



Department
Of Commerce

Table of Contents

Table of Contents

Illustrative

Message from the Secretary

Preface

- Purpose of the Document
- Organization of the Document

Introduction

- Enabling Legislation
- The Role of Commerce in America
- The Department of Commerce
- Mission
- Priorities in a Challenging Environment
- Departmental Strategic Goals and Objectives
- Organizational Structure

Departmental Priorities

- Overview
- Priority X
- Priority Y
- Priority Z
- Etc...

Performance Goals and Strategies by Bureau

- Overview
- Bureau X
- Bureau Y
- Bureau Z
- Etc...



Appendix C:

GPRA Strategic Plan Requirements



Overview

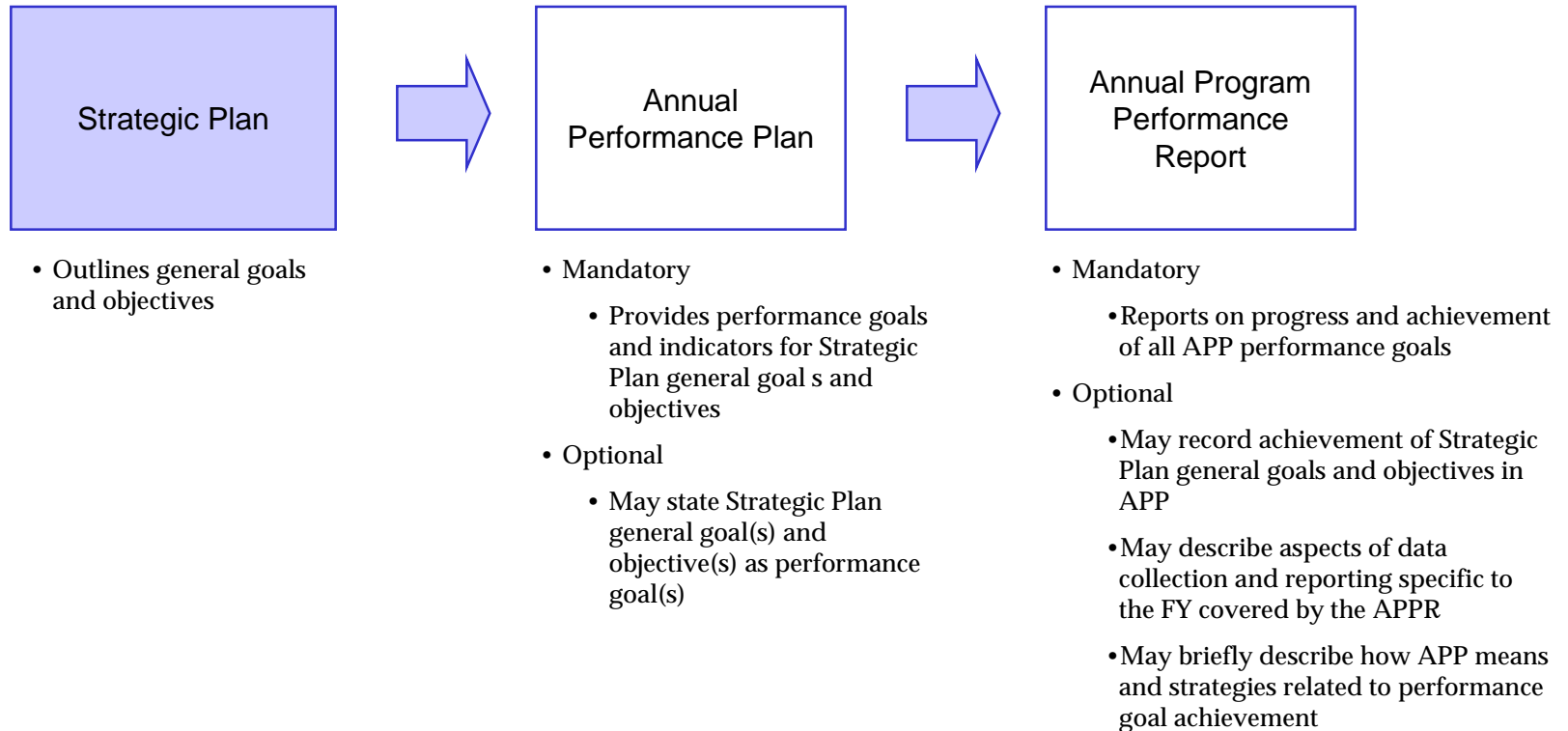
OMB Guidance

GAO Mandates



The Strategic Plan outlines general goals and objectives for the agency.

- Relationship of Strategic Plan to Annual Performance Plan and Annual Program Performance Report -





The adoption of a five-year strategic plan is the starting point and basic underpinning of GPRA results-oriented management within Federal government agencies.

— The Five-Year Strategic Plan—

- GPRA mandates that government agencies create a five-year strategic plan, which is complemented in every fiscal year by an annual performance plan and an annual program performance report
- Five-year strategic plans provide the basic framework for implementing GPRA
 - Lay the foundation for the two other required GPRA documents
 - Use results-oriented terms
- Clear and complete strategic plans answer fundamental policy questions
 - Is it clear where the agency is headed in the next five years?
 - Is the agency headed in the right direction?
 - Are its goals measurements credible and results-oriented, and they do make sense?
 - Do they fulfill important federal responsibilities, or are they more appropriate for other levels of government?
 - Could the private sector deliver the services more efficiently?



The first major step in GPRA implementation occurred with the initial round of agency five-year strategic plans that were submitted to Congress on September 30, 1997.

— Initial Agency Strategic Plans —

- Because the strategic plans were designed to be key policy documents and lay the foundation for all that follows, GPRA mandated agencies to “consult” with Congress in developing these plans
- Almost all agencies submitted draft plans to Congress which were incomplete and inadequate
 - Failed to identify the results of their programs
 - Lacked justification for their strategies
 - Contained no plans to reduce overlap and duplication among similar programs
- As a result, Congress had to divert its consultations with the Clinton Administration from the substantive policy reviews envisioned by the Act to a massive effort to ensure technical compliance with GPRA



To improve agencies' strategic plans, the Office of Management and Budget, the General Accounting Office, and the House have detailed specific technical requirements for the strategic plan over the past several years.

— Sources of Technical Requirements for GPRA Compliance —

- Office of Management and Budget Guidance
- General Accounting Office Mandates
- Congressional Grading System
- Other



Overview

OMB Guidance

GAO Mandates



To facilitate a successful FY2000-2005 strategic planning process, the Office of Management and Budget has provided both general planning guidelines and details on the six required strategic plan components in July 1999's Circular No. A-11.

— Circular No. A-11 Contents —

- General Strategic Plan Guidelines
 - Timing of Plan Submissions
 - Time Period Covered by Strategic Plans
 - Relationship to Annual Performance Plans
 - Format
 - Consultation with Congress, Stakeholders, and Other Agencies
 - Federal Employee Involvement
 - Transmittal of Plans to Congress and the OMB
- Required Elements of the Strategic Plan
 - Comprehensive Mission Statement
 - Description of General Goals and Objectives
 - Description of How Goals and Objectives Will Be Achieved
 - Discussion of the Relationship Between Goals in the Annual Performance Plan and a Strategic Plan
 - Identification of Key Factors Affecting Achievement of General Goals and Objectives
 - Description of Program Evaluations



OMB's general guidelines include details on timing, format, and outside consultation.

— OMB's General Strategic Plan Guidelines —

- Timing of Plan Submissions
- Time Period Covered by Strategic Plans
- Relationship to Annual Performance Plans
- Format
- Consultation with Congress, Stakeholders, and Other Agencies
- Federal Employee Involvement
- Transmittal of Plans to Congress and the OMB



These guidelines must be followed for successful compliance with the law.

—OMB's General Strategic Plan Guidelines—

General Requirement

Details

Timing of Plan Submissions

- Agency must transmit an updated and revised strategic plan to Congress within three years of submitting their initial strategic plan
 - Revision must incorporate policy, programmatic, or other changes to any elements of the agency's current plan
- Interim, minor adjustments to a plan can be made in advance of the 3-year revision cycle
 - May include changes to the general goals or objectives, the means and strategies used to achieve the goals, the key external factors, or the program evaluations schedule
 - Must be included with the APP as a separate, easily found section
- Agencies must provide OMB with an advance copy of the plan at least 45 days prior to transmitting it to Congress
- Final transmittal to Congress must occur no later than September 30, 2000 for most agencies

Time Period Covered by Strategic Plans

- Plan must cover a minimum of six years (the fiscal year it is submitted and at least five years forward)

Relationship to Submission of Annual Performance Plans

- The strategic plan's goals (and objectives) must set the framework for developing annual plans
- An APP, when submitted, must be covered by a current strategic plan
- Agencies must note the specific linkage between strategic plans and annual plans



These guidelines must be followed for successful compliance with the law (continued).

—OMB's General Strategic Plan Guidelines (continued)—

General Requirement

Details

Strategic Plan Format

- Agencies strongly encouraged to submit a single agency-wide plan, but those with widely disparate functions may prepare several strategic plans for their major components or programs
 - Number of separate plans should be kept to a minimum
 - Separate plans should center on the major functions for an agency and group related programs or components within any plan
 - Should collectively cover all major functions and operations of the agency
- An agency-wide strategic plan overview must be prepared when more than one plan is submitted by an agency
 - Links separate strategic plans by giving an overall statement of agency's mission and goals
 - Must accompany the submission of separate strategic plans
- Heads of agencies must format agency strategic plans in a manner which demonstrates the linkages among different elements of the plan

**Consultation with Congress,
Stakeholders, and Other Agencies**

- Agency must consult with Congress when developing strategic plan
- Must solicit the views and suggestions of those entities potentially affected by or interested in the plan, such as customers and other stakeholders
- Must ensure that appropriate and timely consultation occurs with other agencies when defining general goals or objectives that relate to cross-agency functions, programs, or activities
 - Strategic plans of other agencies that participate in cross-cutting programs should be reviewed
- Over the full course of plan preparation, continuing interaction should occur between OMB and agency staff



These guidelines must be followed for successful compliance with the law (continued).

—OMB's General Strategic Plan Guidelines (continued)—

<i>General Requirement</i>	<i>Details</i>
Federal Employee Involvement	<ul style="list-style-type: none">• Drafting of strategic plans may be performed only by Federal employees
Transmittal of Plans to Congress and the OMB	<ul style="list-style-type: none">• Agency must prepare letter from the agency head transmitting each strategic plan, including<ul style="list-style-type: none">• Summary of the general scope and nature of the consultation, and types of entities consulted• Summary of contrary views received• Description of any significant contribution to the preparation of strategic plans made by non-Federal entities• Transmittal letter is also prepared for a strategic overview containing only a summary presentation of overall mission and goals• Transmittal letters must be addressed to the Speaker of the House of Representatives, the President pro tempore of the Senate, and the Director of OMB• Copies are also provided to the chairmen and ranking minority members of the relevant authorization, oversight, or budget committees and appropriation subcommittees, and the chairman and ranking minority members of the Senate Committee on Governmental Affairs and the House Government Reform Committee



The OMB has also detailed the six required elements of a strategic plan.

— Required Elements of a Strategic Plan —

1. Comprehensive Mission Statement
2. Description of General Goals and Objectives
3. Description of How Goals and Objectives Will Be Achieved
4. Discussion of the Relationship Between Goals in the Annual Performance Plan and a Strategic Plan
5. Identification of Key Factors Affecting Achievement of General Goals and Objectives
6. Description of Program Evaluations



Every strategic plan must include these six components to satisfy GPRA legislative requirements.

—Strategic Plan Components—

<i>Required Element</i>	<i>Details</i>
1. Comprehensive Mission Statement	<ul style="list-style-type: none">• Briefly defines the basic purpose of the agency, focusing on its core programs and activities• Covers the major functions and operations of the agency• Is explicitly linked to the statutory or other legal authorities of the agency
2. Description of General Goals and Objectives	<ul style="list-style-type: none">• Includes one or more general goals and objectives• Goals are defined in a manner that allows a future assessment to be made whether the goal was or is being achieved<ul style="list-style-type: none">• Elaborate on how the agency is carrying out its mission• Are outcome-type whenever possible• Do not go beyond agency's span of influence
3. Description of How Goals and Objectives Will Be Achieved	<ul style="list-style-type: none">• Briefly describes the means and strategies the agency will use to achieve its general goals and objectives, including<ul style="list-style-type: none">• Operational processes• Skills and technologies• Human, capital, information, and other resources• Includes realistic schedules for initiating or completing significant actions and any underlying assumptions or projections• Includes brief description of steps being taken to resolve mission-critical management problems• Outlines the process for communicating goals and objectives throughout the agency, and for assigning accountability to manager and staff for achievement of objectives



Performance Planning Timetable

Every strategic plan must include these six components to satisfy GPRA legislative requirements (continued).

—Strategic Plan Components—
Details

Required Element

**4. Discussion of the Relationship
Between Goals in the Annual
Performance Plan and a Strategic Plan**

- Outlines how annual performance plan goals (and indicators) will be related to strategic plan goals and objectives, including
 - The type, nature, and scope of the performance goals being included in annual performance plans
 - The relation between performance goals and the general goals and objectives
 - The relevance and use of performance goals in helping determine the achievement of general goals and objectives
- General goals in strategic plans and performance goals in annual plans may be identical, especially when outcome goals are to be achieved in a particular year

**5. Identification of Key Factors Affecting
Achievement of General Goals and
Objectives**

- Identifies key factors external to the agency and beyond its control that could significantly affect achievement of the general goals and objectives, including
 - Economic, demographic, social, or environmental factors that may remain stable, change within predicted rates, or vary to an unexpected degree
 - Certain conditions or events which are NOT happening
 - Actions of Congress, other Federal agencies, States, local governments, or other non-Federal agencies
- Omits factors that are unlikely to occur or have only tangential influence on general goals and objectives
- Omits lists of potential mitigating actions to be taken if an external factor begins affecting goal achievement (agency should modify its plan through an interim revision instead)
- If external factors cannot be identified, includes a statement of such



Every strategic plan must include these six components to satisfy GPRA legislative requirements (continued).

—Strategic Plan Components—

Required Element

Details

6. Description of Program Evaluations

- Includes evaluations used to assess the manner and extent to which Federal programs achieve intended objectives, or evaluations used to assess program implementation processes and operating policies and practices
- Contains a schedule for future program evaluations which includes
 - General methodology to be used
 - General scope of evaluation and particular issues to be addressed
 - Timetable (for at least the fiscal years prior to the next update of the strategic plan)
- Briefly describes the use of completed evaluations in preparing the plan, and highlights the effect of program evaluations on the definition of goals and objectives in the plan
- If program evaluations are not scheduled during the time period covered by the plan, includes a statement to this effect



Overview

OMB Guidance

GAO Mandates



The General Accounting Office (GAO) has reviewed individual agencies' strategic plans to assess compliance with GPRA and to identify key strategic planning issues.

—GAO Commentary—

- Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans (September 1997)
- Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (January 1998)



GAO has identified six issues that are in need of sustained attention if agencies are to develop the dynamic strategic planning processes envisioned by GPRA.

—“Critical Issues for Improving Federal Agencies’ Strategic Plans”—

1. Lack of linkages among required elements in plans
2. Weaknesses in long-term strategic goals
3. Lack of fully developed strategies to achieve goals
4. Lack of evidence that agencies’ plans reflect coordination with other federal agencies having similar or complementary programs
5. Limited capacity of agencies to gather performance information
6. Lack of attention to program evaluations



GAO has provided additional information on three difficult planning challenges in "Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges."

—Critical Planning Challenges—

1. Setting a strategic direction
2. Coordinating crosscutting programs
3. Ensuring the capacity to gather and use performance and cost data



Appendix D:

Putting the Balanced Scorecard to Work
Harvard Business Review
September 1993